



State of New Jersey  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
PO Box 402

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JON S. CORZINE  
Governor August 3, 2006

LISA P. JACKSON  
Commissioner

Mr. David R. Smith, Radiation Safety Officer  
Shieldalloy Metallurgical Corporation  
12 West Boulevard  
P.O. Box 768  
Newfield, NJ 08344-0768

Dear Mr. Smith:

I am writing in response to your May 24, 2006 letter in which you requested that the State of New Jersey accept or reject the role as the governmental institution responsible for long-term control and maintenance of the restricted release portion of the Shieldalloy Metallurgical Corporation (SMC) site.

The request is associated with SMC's application to the United States Nuclear Regulatory Commission (NRC) to amend license SMB-743 to a "Long Term Control" license in lieu of decommissioning. Unfortunately, there are significant legal and technical questions that must be answered by NRC before we can even begin our evaluation and provide a response to you. Our questions were presented in the enclosed letter to NRC, a copy of which was previously provided to you.

We are also concerned about SMC's viability in light of the recent cessation of production processes at the site. As part of our evaluation, we must review the complete financial statements (including all notes) for the past three years for both SMC and its parent corporation. Please provide this information as soon as possible to:

Irene Kropp, Assistant Commissioner  
of Site Remediation and Waste Management Program  
401 E. State Street, 6<sup>th</sup> Floor, East Wing, P.O. Box 028, Trenton, New Jersey 08625

I would like to note that SMC began the process of obtaining a "Long Term Control" license in early 2004. However, SMC formally requested the state's position only six weeks prior to a commitment deadline it made with NRC to provide a revised Decommissioning Plan, which is to include the requested response from the State.

We will get back to you as soon as we receive the information required to determine the state's position on this matter. Until then, if you have any questions or require additional information, please contact Irene Kropp at (609) 292-1250 or Nancy Wittenburg, Assistant Commissioner of the Environmental Regulation Program, at (609) 292-2795. Thank you for your patience in this matter.

Sincerely yours,

  
Lisa P. Jackson  
Commissioner

Enclosure

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